

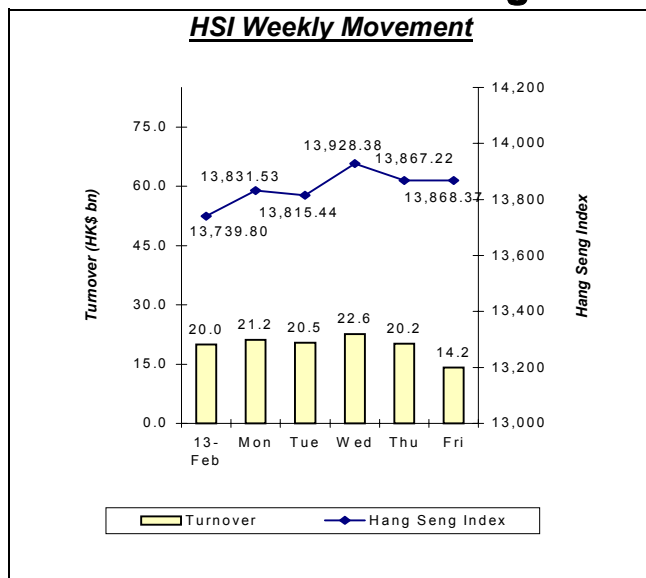
Restricted circulation

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Weekly Report

21st February, 2004

Strong resistance at 14,000



Weekly Market Statistics				
Week ended	20/02/2004	13/2/2004	Change	%
Hang Seng Index	13,868.37	13,739.80	+128.57	+0.9%
HS Red Chip Index	1,631.58	1,600.39	+31.19	+1.9%
HS China Enterprises Index	5,007.41	4,943.99	+63.42	+1.3%
HS Composite Index	1,786.18	1,769.89	+16.29	+0.9%
HS HK Composite Index	1,853.71	1,842.81	+10.90	+0.6%
HS Mainland Composite Index	1,672.03	1,642.05	+29.98	+1.8%
S&P/HKEX GEM	1,331.72	1,303.95	+27.77	+2.1%
Avg Daily Turnover (HK\$ bn)	20.00	20.95	-0.95	-4.5%
Sectoral Indices				
Finance	27,394.24	27,259.08	+135.16	+0.5%
Utilities	26,769.58	26,531.53	+238.05	+0.9%
Properties	17,615.42	17,605.57	+9.85	+0.1%
Comm & Ind	6,064.76	5,964.30	+100.46	+1.7%

Review & Outlook of Market Performance

Hong Kong stocks failed to test the 14,000 level this week amid a weak Wall Street performance and further share-placement news. Sentiment was dampened a bit on talks that China Telecom's parent may help the listco raise funds for purchasing its networks by placing and subscribing for shares equivalent to 10% of existing issued capital. Investors seemed to have ignored the positive news that Beijing may allow its social security fund to invest in overseas equities and that Hong Kong was believed to be the priority market. In addition, the latest unemployment figure for November-to-January period (7.3%, unchanged) was not encouraging. The HSI finished the week at 13,868.37, up 0.9% or 128.57 points, with an average daily turnover of HK\$19.72 billion.

During the week, several major companies announced their results, including Hang Lung Properties, Standard Chartered Bank and Legend. Shares of Hang Lung Properties declined 5.1% w-o-w to HK\$11.25 although it reported an in-line-with-market-expectations interim results and received good response for its high-rise luxury development project at Kowloon Station. Standard Chartered (HK\$136.00, +0.4% w-o-w) was largely stable after reporting a better-than-expected 21% rise in net profit for 2003. On the other hand, share of Legend plunged 10.1% w-o-w to HK\$3.325 after the company reported only a meagre growth in its Q3 earnings.

On the broader market, IT firm Culturecom shot up 51.6% to close the week at HK\$0.485, after it said it had confidence in returning to the black this year as investment over the past few years would start to bear fruit. However, property agent Midland Realty plummeted 20.7% on week to HK\$2.30 after it issued profit warning saying it expected its 1st-half results to be adversely hit after some big developers cut commission on new-home sales.

Next week, investors should keep track on the release of some important US economic figures (CPI, consumer confidence and new-home sales). At home, CLP and Wing Lung Bank will be announcing their respective results on next Wednesday 25th February whilst HKEx will announce its results next Thursday 26th February. Moreover, the February HSI futures contract will be expired on 26th February. Next week, the closing of the application for the IPO of China Oriental is expected to freeze billions of dollars rendering another low turnover trading week. We see the HSI to hover between 13,600 and 13,950, with a strong resistance at 14,000 level.

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US & Regional Markets Weekly Update

Date	US Dow Jones	US Nasdaq	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
Week to 20th February	10,619.03	2,037.93	10,720.69	1,891.78	861.72	728.64	6,665.54
13th February	10,627.85	2,053.56	10,557.69	1,864.07	825.91	755.18	6,549.18
Change	-8.82	-15.63	+163.00	+27.71	+35.81	-26.54	+116.36
%	-0.08%	-0.76%	+1.54%	+1.49%	+4.34%	-3.51%	+1.78%

Index Weighting Changes (week ended 20th February 2004)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @20/02/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
TVB	0511	HK\$38.60	-HK\$1.80	-4.5%	The city's main TV broadcaster fell prey to profit taking this week after rising over 7% last week.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @20/02/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Angang Newsteel	0347	HK\$4.325	+HK\$0.225	+5.5%	Cheered by the overwhelming response to the IPO of steel maker China Oriental Group, the dual were pushed higher by investors.
Maanshan Iron & Steel	0323	HK\$2.85	+HK\$0.50	+7.5%	
China Eastern Airlines	0670	HK\$1.83	+HK\$0.19	+11.6%	The 2 airliners continued last week's run-up on the scrap of the airport construction and development fees. The CAAC said it would introduce some new fees but at a much lower rate than the previous fees.
China Southern Airlines	1055	HK\$4.65	+HK\$0.50	+12.0%	
China Telecom	0728	HK\$2.925	-HK\$0.150	-4.5%	The mainland fixed-line operator faced heavy selling pressure as its state-owned parent is talking with several investment banks about new fund raising, with a probable US\$3-billion share placement.

Summary of US Economic News

Indicator	Change/Index	Comments
Industrial production - January	+0.3% m-o-m	Production at factories rose by a modest 0.3% in January, an improvement from December's 0.1% rise.
Housing starts - January	-7.9% m-o-m	Housing starts in January fell a sharper-than-expected 7.9% to a seasonally-adjusted annual rate of 1.903 million from a downwardly-revised 2.067 million rate in December.
Index of leading indicators - January	+0.5% m-o-m	Composite index of leading economic indicators rose 0.5% in January to 115 following gains of 0.2% in December and 0.3 % in November.
Consumer price index - January	+0.5% m-o-m	Consumer price index rose by 0.5% in January, more than double December's 0.2% increase. Excluding the energy and food prices, the core rate of inflation edged up by a mild 0.2% in January, up from a 0.1% rise in December.

Forthcoming Important Announcements / Events

23 rd February 2004 (Monday)	HK	:	Consumer price index- January Pacific Century Insurance (0065)- final results People's Food (0708)- final results SW Kingsway Capital (0188)- interim results Wumart Stores (8277)- final results
	US	:	Campbell Soup- Q2 results
24 th February 2004 (Tuesday)	HK	:	abc Multiactive (8131)- final results ASM Pacific (0522)- final results
	US	:	Consumer confidence- February Clear Channel- Q4 results Home Depot- Q4 results
25 th February 2004 (Wednesday)	HK	:	CLP (0002)- final results IDT International (0167)- Q3 results Wing Lung Bank (0096)- final results
	US	:	Existing-home sales- January Tiffany & Co- Q4 results
26 th February 2004 (Thursday)	HK	:	External-trade figures- January Clear Media (0100)- final results HKEx (0388)- final results Hongkong and Shanghai Hotels (0045)- final results Hopewell Holdings (0054)- interim results Hopewell Highway Infrastructure (0737)- interim results Recruit Holdings (8073)- final results San Miguel Brewery (0236)- final results Shimao China (0649)- final results
	US	:	Durable-goods orders- January New-home sales- January Dreyer's- Q4 results Gap Inc- Q4 results JC Penny- Q4 results
27 th February 2004 (Friday)	HK	:	Shandong Weigao Group Medical Polymer (8199)- trading debut Tong Ren Tang (8069)- final results Weiqiao Textile (2698)- final results
	US	:	GDP (Preliminary)- Q4